# WHY THE BIPOLAR SYSTEM LIMITING THE EFFICACY OF THE U.S. SECURITY COALITION'S ECONOMIC SANCTIONS ON RUSSIA: A NEOSTRUCTURAL REALISM PERSPECTIVE

Amri Hakim
Universitas Abdurrab

Harri Fajri
Public Relations Specialist at Ministry of Investment/BKPM
E-mail: harri.fajri@bkpm.go.id

Alexander Yandra
Universitas Lancang Kuning

M. Ichsan Kabullah
Universitas Andalas

**ABSTRACT**

This article examines the efficacy of economic sanctions within the context of the 2022 Russian invasion of Ukraine. Traditionally viewed skeptically by scholars, economic sanctions were reconsidered in the 1980s as potentially effective. This study evaluates the impact and effectiveness of U.S.-led sanctions to deter and stop the Russian-Ukraine invasion. Despite the efforts, Russia's economy rebounded in 2023, and its military actions continued. The research explores why the bipolar system limits the impact of the U.S. security coalition's economic sanctions on Russia's economy and has not effectively reduced Russia's power to wage war on Ukraine. By applying neostructural realism theory, the article argues that as a revisionist great power pursuing a unipolar position, China ensures that the U.S.' proxy war with Russia is long and costly by offsetting U.S. economic sanctions. China achieves this through increased imports of Russian oil and gas, using its financial payment system, and exporting machinery and semiconductors to Russia. This support sustains Russia's economy and military capacity, highlighting the limitations of economic statecraft in a bipolar world where great powers compete to be the unipolar. The study underscores the need to reassess economic sanctions in contemporary geopolitical conflicts.

*Keywords: Economic sanction, Bipolar system, Neostructural realism, Sanction busting.*

**ABSTRAK**

Artikel ini mengkaji efektivitas sanksi ekonomi dalam konteks invasi Rusia ke Ukraina pada tahun 2022. Sanksi ekonomi secara tradisional dipandang skeptis oleh para sarjana, terutama pada tahun 1960-an dan 1970-an, karena dianggap kurang efektif dibandingkan dengan instrumen militer. Namun, gelombang baru kajian pada tahun 1980-an menyarankan bahwa sanksi bisa menjadi alat yang efisien untuk mencapai tujuan politik. Studi ini mengevaluasi dampak dan efektivitas sanksi yang dipimpin AS yang bertujuan untuk mencegah dan menghentikan invasi militer Rusia terhadap Ukraina. Meskipun ada upaya ini, ekonomi Rusia pulih pada tahun 2023, dan aksi militernya terus berlanjut. Penelitian ini mengeksplorasi mengapa sistem bipolar membatasi dampak sanksi ekonomi koalisi keamanan AS terhadap ekonomi Rusia dan belum efektif mengurangi elemen kekuatan Rusia untuk berperang di

Ukraina. Dengan menerapkan teori realisme neostruktural, artikel ini berpendapat bahwa sebagai negara adi daya revisionis yang mengejar posisi unipol sebagai cara terbaik untuk bertahan, China memastikan bahwa perang proxy AS dengan Rusia berlangsung lama dan mahal dengan menetralkan sanksi ekonomi AS. China mencapai ini melalui peningkatan impor minyak dan gas Rusia, menggunakan sistem pembayaran finansialnya, dan mengekspor mesin dan semikonduktor ke kompleks industri militer Rusia. Dukungan ini menopang ekonomi dan kapasitas militer Rusia, menyoroti keterbatasan instrumen ekonomi dalam dunia bipolar di mana negara adi daya bersaing menjadi hegemon dunia. Studi ini menekankan perlunya menilai kembali sanksi ekonomi dalam konflik geopolitik kontemporer.

*Kata Kunci: Sanksi ekonomi, Sistem bipolar, Realisme neostruktural, Pelanggaran sanksi.*

**INTRODUCTION**

Economic statecraft, generally, or sanctions especially, don't get any respect in foreign policy studies; during the 1960s and 1970s, although they were relatively inexpensive than the military, scholars had reached a consensus that they were not as effective as military instruments (Pape, 1997: 91). Even some argue that they are applied not as a policy but as a substitute for actual policy (Kirshner, 2002: 160). However, in the 1980s, the new hope appeared that sanctions were often an efficient instrument for achieving critical political goals (Pape, 1997: 91). Normand, as one of the new wave scholars in 1996, argued that in some cases, sanctions were as harmful as war (Majd, 2018: 177). Similarly, Elizabeth S. Rogers, based on 130 economic sanctions from 1914-1996, argued that sanctions are more successful at containing the spread of wars than preventing the outbreak of civil and international wars, followed by stopping or resolving such conflict (Rogers, 1996: 44-5).

Regarding Russia's invasion of Ukraine on 22 February 2022, there were two economic statecrafts used by the U.S. and its coalition, which were economic deterrence by threatening that military actions would cost highly on Russia's economy and economic sanctions as the U.S. effort to use trade, investment, and financial deny to weakening Russia power in that war. Unfortunately, neither U.S. economic statecraft has reached its goals. U.S. economic deterrence was failed because Russia kept invading Ukraine; meanwhile, U.S. economic sanctions did not work well because after growing -1.2 percent in 2022, Russia's economic growth rebounded to 3.6 percent in 2023 and possibly 3.2 percent in 2024, which faster than all of the advanced economies, in the meantime Russia's attack seems pushed ahead (BBC.com, 2024; IMF, 2024).

Because economic sanction is part of foreign policy determined by structural constraint, it is interesting to analyze the efficacy of economic sanction from this perspective. As Elizabeth Rogers argued, the effectiveness of sanctions requires leadership by a great power, especially the only superpower (hegemon). U.S.-led sanctions after the Cold War became effective because the Soviet Union, who replaced target states' lost trade and aid with their own (black knight), had been removed (Rogers, 1996: 44-5). It is also in line with Hufbauer's argument that one of the reasons for sanction failure is the existence of the black knight, the wealthy allies of the target country, whose support can largely offset whatever deprivation results from the sanction (Hufbauer et al., 2007: 8). Bryan Early also concludes that sanctions are less likely to be successful if third parties assist in sanctioned states (Bryan, 2009: 49).

The inquiry for this black knight has headed into the motivation of this sanction buster. Bryan Early, in 2009, examined the realism hypothesis: "If the third party state has a defensive pact with the target, it will be likely to become a sanctions buster, and if the third party is rival of the sender, then it also will more likely to become sanctions buster to weaken its adversary" and liberal hypothesis " firms are constantly seeking to recognize and take advantage of the economic opportunities available to them " found strong evidence for the liberal perspective, even a sender close allies' firms are more likely sanctions-bust than other states (Bryan, 2009: 53-4).

In his subsequent research in 2011, based on 96 U.S. sanction episodes from 1950 to 2006, Bryan examined that politically motivated sanctions busters only hurt sanctions success. Meanwhile, both commercial and political sanctions buster motivation positively undermine the success of the sanctions (Bryan, 2011: 381). The literature above has not explored why the bipolar system limits the efficacy of the U.S. Security Coalition economic sanctions on Russia to break the 2022 invasion, which will be the question for this article.

## ANALYTICAL FRAMEWORK

### Conceptual approaches

The study of statecraft considers the instruments used by policymakers in their attempts to exercise power to get others to do what they would not otherwise do (Baldwin, 2020: 7). This concept also includes the target state's defense strategy against the instrument that the sender has used (Armijo, 2019: 28). More than Morgenthau and Aron, who just offered diplomacy and military as foreign policy instruments, Baldwin based on Lasswell's model, develops four instruments which are: propaganda refers to influence attempts relying primarily on the deliberate manipulation of verbal symbols; diplomacy refers to influence attempts relying primarily on negotiation; economic statecraft refers to all of financial means by which foreign policymakers might try to influence other international actors or influence attempts to international actors relying primarily on economic measures by state actors to achieve foreign policy goals (Baldwin, 2020: 39; Mastanduno, 2021: 65); military statecraft refers to influence attempts relying mainly on violence, weapons, or force (Baldwin, 2020: 12).

Baldwin (2020: 35) Uses economic techniques of statecraft to operationalize this economic statecraft concept, which is synonymous with economic sanctions. He categorizes it as negative or positive sanctions. The former attempts to threaten or punish a particular behavior, and the latter promises or provides economic rewards for a specific behavior. Mastanduno also departed from this economic statecraft, operationalized as economic sanctions in the economic containment concept. He defines economic containment as an attempt to contain the expansion of an adversary's military power both during the Cold War or Cold War by using economic rather than political or military means (Mastanduno, 1985: 506). At this point, both prominent scholars who come from political science put economic sanction as the general terminology for economic statecraft.

The problem with economic sanction under this general terminology is it does not correspond with the standard definitions that emphasize stopping misbehavior, such as the Cambridge Dictionary's putting sanction as an official order by stopping trade that is taken against a country to make it obey international law, which is a very liberal perspective. Economists also used economic sanctions for this specific context; economic sanctions the trade, investment, and financial deny to increase the cost of economic activities, such as expensive imports and shortage of consumer and industrial input, which end up dampening competitiveness, productivity, and economic growth that pressure target states into changing specified policies or modifying behavior in suggested directions (Jermano, 2018: 65; Tostensen & Bull, 2002: 374).

Although Baldwin said that it is narrowly legalistic and therefore unsuitable for general foreign policy analysis (Baldwin, 2020: 35), it still could work, especially from a realist perspective, if we replace the phrase "obey international law" with "obey the sanction sender's suggestion behavior," which is the essence of statecraft concept. When Baldwin and Mastanduno put sanctions in general terminology, it won't be easy to operationalize this concept into specific phenomena regarding timing and the level context. Mastanduno has shown that U.S. economic policy closely reflected its relationship with the Soviet Union. During the 1950s and 1960s, economic warfare complemented the confrontational political approach, economic liberalization accompanied the detente approach in 1970-an, and the U.S. returned to the former after the Afghanistan invasion (Mastanduno, 1985: 517). By this U.S. economic statecraft period, we can see that the U.S. détente policy does not intend to deny its economic relations with the Soviets (economic sanctions) but to liberalize it.

Regarding the overlapping concept above, neostructural realism (NSR) let it the way it is, the critical things for NSR are what kind of political objective needs to be achieved and what the pattern of economic instruments, as listed by Baldwin below, has been used by the state men, also how effective it was. So, here is the categorization of economic statecraft based on its political objective: economic deterrence is threatening that military actions will cost highly by imposing economic denial; economic détente is liberalizing trade, investment, and financial to relax political tension; economic hedging is strengthening economic cooperation while preparing for diplomatic and military confrontation, which usually practice by secondary powers or significant and middle powers (Koga, 2018: 634). Economic containment attempts to prevent the redistribution of economic and military power elements. Economic sanctions on trade, investment, and finances deny increasing the cost of economic activities such as expensive imports and shortage of consumer and industrial input, dampening competitiveness, productivity, and economic growth that pressure target states into changing specified policies or modifying behavior in suggested directions.

The next problem comes from Mastanduno's definition of economic containment as containing the expansion of an adversary's military power, which is rooted in a realism perspective that emphasizes power on the military element (Berenskoetter, 2007: 6). As Mearsheimer said, great powers are mainly determined based on their relative military capability, so the balance of power is synonymous with the balance of military power (Mearsheimer, 2001: 55-6). Unfortunately, George Kennan, who Mastanduno referred, said that the fundamental objectives of our foreign policy must always be to protect the nation's security and advance its people's welfare (Gaddis, 2005: 26). The dissolution of the Soviet Union also taught neostructural realism, which is the wisdom that military power elements and economic ones determine the state's survival (Hough in Taylor, 2003: 17); from this perspective, economic containment means power elements containment as a whole. This neostructural realism proposition is more like the mercantilism perspective in international political economy studies: wealth and power are the ultimate ends of national policy, and the global economy is an arena for imperialist expansion and national aggrandizement (Viner in Gilpin, 1987: 32).

## The Strategies of Economic Statecraft

To operationalize his positive and negative sanctions, Baldwin offers economic techniques of statecraft such as below:

Negative sanction strategies:

| **Trade** | **Capital** |
|---|---|
| Embargo | Freezing assets |

| | |
|---|---|
| Boycott | Controlling capital flow |
| Tariff increase | Aid suspension |
| Quotas | Expropriation |
| Blacklist | Taxation |
| Dumping | |
| Preclusive buying | |

Positive sanction strategies:

| **Trade** | **Capital** |
|---|---|
| Favorable tariffs | Providing aids |
| Direct purchase | Investment guarantees or encouragement |
| Export import subsidies | Favorable taxation |
| Quotas | |
| Blacklist | |
| Dumping | |
| Preclusive buying | |

Although all the forms of economic statecraft, such as economic deterrence, sanction, containment, détente, and hedging, are distinguished by political purposes, their strategies can be like Baldwin offers above or like Mastanduno offers under its economic containment concept. Mastanduno, who also has the same basic technique as Baldwin, tries to generalize it under three strategies which are: first, economic warfare, which aims to weaken the overall economy of the target that highly dependent on the sanctioning state and, at the same time, unable to provide a level of resource demanded domestically. Historically, there has been a relationship between the levels of GNP and military expenditure, so it assumes that saving resources from trade can be devoted to military capability improvement (Mastanduno, 1985: 507). One of the most exercised forms of economic warfare the hegemon state uses is financial sanctions, known as financial statecraft (Armijo, 2019: 28). It relies on cooperation from banks and other financial institutions to deny or restrict a target's ability to obtain financial services or capital. The next one is freezing the elite's overseas assets or blocking transactions, banning foreign investment in critical economic sectors, or curtailing access to capital markets and hard currency, which can threaten the target's firm liquidity, decrease productivity, and erode economic growth (Jermano, 2018: 65). This financial sanction, especially the flow of funds to and from a target, has increased as a U.S. foreign policy instrument than trade denial since the 2000s because it efficiently targets the government elites and minimizes the impact on civilians by a success rate of 41 percent trade sanctions of 25 percent (Majd, 2018: 175); second, strategic embargo. It is an effort to block parts of direct and specific military utility to the target state that are military bottlenecks regardless of economic impact. According to the contraband case, the separated products, such as absolute and conditional contraband, as free goods, were impractical in World War I and II because all items in international trade, even civilian goods, could be considered to serve military purposes (Mastanduno, 1985: 511-3). For a state employing a strategic embargo, trade that strengthens the target state economy is not necessarily detrimental to the security of the sanctioning state (Mastanduno, 1985: 514); the third is the tactical linkage. It seeks to manipulate trade relations to influence either the allocation of resources between military and civilian sectors in the target economy or the willingness of the target government to use its military power (Mastanduno, 1985: 506). The sanctioning state assumes its trade links are so crucial to the target state that the latter is willing to change its policies under the former's desire (Mastanduno, 1985: 514). The economic aids or incentives can be categorized under this strategy.

On financial sanctions, the type of financial sanction that became popular recently is the access restriction on the international payments infrastructures and institutions, which potentially disrupt every kind of cross-border economic activity requiring access to payment systems, including tourism, remittances, foreign exchange trading, and international trade financing. The Society for Worldwide Interbank Financial Telecommunication (SWIFT) (Cipriani et al., 2023: 32)maintains the most common communication network for international payment. This infrastructure is critical for governments, companies, and households to pay for their international purchase of goods and services or financial assets(Cipriani et al., 2023: 38).

**Requirement and Indicators for Efficacy of Economic Statecraft**

On those three strategies of economic containment above, Mastanduno then argues that only the strategic embargo is likely to influence the Soviet's military potential effectively. Economic warfare and tactical linkage have little chance of success. They are likely to be frustrated by opposition from domestic interest groups and their allies, as well as the response of adversaries (Mastanduno, 1985: 529). If the U.S. pursues economic warfare or tactical linkage along with a strategic embargo, it will likely jeopardize the latter's effectiveness. So, the U.S. best only relies on the strategic embargo (Mastanduno, 1985: 506). Mastanduno was on the same page with mainstream international politics scholars who did not give respect to economic sanctions. During the 1960s and 1970s, although economic sanctions were relatively inexpensive compared to military ones, scholars concluded they were not as effective as military instruments (Pape, 1997: 91). Some argue that they are applied not as a policy but as a substitute for actual policy ((Kirshner, 2002: 160).

However, in the 1980s, new-wave scholars also appeared, who believed that sanctions were often an efficient instrument for achieving critical political goals (Pape, 1997: 91). Normand, as one of the new-wave scholars in 1996, argued that in some cases, sanctions were as harmful as war (Majd, 2018: 177). Similarly, Elizabeth S. Rogers, based on 130 economic sanctions from 1914-1996, argued that sanctions are more successful at containing the spread of wars than preventing the outbreak of civil and international wars, followed by stopping or resolving such conflict. She noticed that sanctions were effective under some circumstances: first, sanctions require leadership by a great power, especially the only superpower (hegemon). In this case U.S.-led sanctions after Cold War could often help to prevent, contain, or resolve regional civil and interstate conflicts because Soviet Union, who replaced target states' lost trade and aid with their own (black knight), had been removed; second, the sanctions are more effective when applied by all or nearly all of significant states; third, if the sanctions were implemented forcefully they will succeed markedly (Felbermayr et al., 2021: 13; Rogers, 1996: 44-5), in this case, freezing assets is a robust measure, meanwhile cutting the bilateral aid is seldom inflict much harm; fourth, the broadest possible sanctions should be applied as early as possible in the conflict which also mean that partial or slowly tightened sanction should be avoided; fifth, sanction sender must clearly communicate what local actors have to do in order to avoid being sanctioned or to have the sanctions lifted; finally, the sanctions should be supported by solid hegemon's rhetoric to persuade target state or parties that hegemon and its coalition have to resolve to maintain the sanctions until they are successful. Without these measures, sanctions will likely fail (Rogers, 1996: 44-7).

Mastanduno offered three constraints to achieve economic sanction objectives to complement the abovementioned requirements. First, it must placate or stifle domestic opposition from individuals or groups who believe they bear a disproportionate share of the burden of economic relations with the target state. The more protracted the attempt, the more difficult it is for the government to ward off domestic opposition; second, it must obtain the cooperation of other states that are possible alternative sources of supply and can thus nullify the economic impact; third, the containing government must consider the response of the target because the target states are not equally vulnerable to it, the economic hardship does not necessarily produce the desired change in target's political behavior (Mastanduno, 1985: 503-4). In the end, the constraints of economic sanctions above will be vis-a-vis the global economic situation and fear or perception of imminent danger from the targeted state. Under global recession, economic warfare will be costly economically; meanwhile, fear of imminent danger, like suspecting the Soviet Union was mobilizing for general war, will prompt support from significant allies (Mastanduno, 1985: 517-8). Finally, Jill Jermano furnishes Elizabeth and Mastanduno by adding assessments such as target vulnerabilities (bottleneck and chokepoints) assessment, availability of leverage based on target reliance on the sender, orchestration with other tools, and potential obstacles and risks (Jermano, 2018: 65).

| Requirements for success | Indicators |
|---|---|
| Domestically | • Placating or stifling domestic opposition from individuals or groups who believe their bear a disproportionate share of the burden of economic relations |
| Internationally | • Unipolar system<br>• Applied by all or nearly all of major states as possible alternative market or source of supply and can thus nullify the economic impact<br>• Global economic situation: under global recession, economic warfare will be costly economically<br>• Fear on imminent danger like suspecting Soviet Union was mobilizing for general war will prompt support from major allies |
| Tools | • Assessing target vulnerabilities (bottleneck, and chokepoints)<br>• Freezing assets<br>• Cutting aids |
| Scale | • Forcefully<br>• Partial or slowly tightened sanction should be avoided |
| Timing | • Immediately |
| Communication | • Sender must clearly communicate what action have to be avoided<br>• Supported by strong U.S. rhetoric that sender will maintain the sanctions until they are successful |

**Table 1** Requirements and indicators for effective sanction

**Smart Sanction**

The basic assumption of conventional sanctions is the transmission mechanism that hardship inflicted on the civilian population of a targeted state will lead to grassroots political pressure on the state's decision-makers to change their behavior. Under this approach, the greater the pain inflicted on the target state, the more significant and quicker the gain for the sanctioning state (Tostensen & Bull, 2002: 375). However, conventional sanctions had a broad negative impact, and in the 1990s, smart sanctions emerged to mitigate it (Daniel, 2011: 96).

Generally, there are two ways to differentiate this model from conventional sanctions: first, it effectively targets and penalizes the political elites (and their supportive constituencies) who espouse policies and commit actions deemed objectionable by the international community through arms embargoes, financial sanctions, and travel restrictions. Targeted sanctions focus on individuals, entities, and transactions (Ahn & Ludema, 2017: 1). Second, smart sanctions protect vulnerable social groups such as children, women, and the elderly from collateral damage and avoid specific commodities such as food and medical supplies (Tostensen & Bull, 2002: 373).

**Sanctions process and assessing its efficacy**

There are two approaches to understanding the sanctions process: first, as an instrument of coercive diplomacy, and second, as a substitute for using military force. These approaches work through the bargaining theory that sanctions work by changing the cost-benefit calculations of the target so that the target must obey the sender's demands or suffer the consequences (Felbermayr et al., 2021: 3). Felbermayr who synthesizes economics and political approaches to understand the economic sanction process, argues that understanding the sanction process requires inquiry into the connections between political goals, monetary policy, and financial effects (costs) between economic and political outcomes. For measuring the impact and the effectiveness of economic sanctions, this article refers to Jermano's definition that the impact is the actual effect of the sanctions on the target economy, and effectiveness is the extent to which sanctions achieve policy goals (Jermano, 2018: 70).

Assessing the sanction's economic impact on the targeted state is related to the sanctions taken. Under conventional sanctions, the impact indicators refer to standard financial performance indicators: economic growth, GDP, fiscal and consumption expenditure, unemployment, inflation, exchange rate, and external trade (Ahn & Ludema, 2017: 6; Tuzova & Qayum, 2016: 140). Meanwhile, under the intelligent sanctions, the indicators used are total assets, probability of bankruptcy, operating revenue, and unemployment of targeted firms (Ahn & Ludema, 2017: 7&15, 2020: 1).

Because conventional wisdom sees economic statecraft as useless or counterproductive with a 30-35% (Felbermayr et al., 2021: 10)success rate, Baldwin suggests it should not be based on one goal. Instead, it should be considered an option compared with the cost of the military or other instruments (Baldwin, 2020: xii-iv). We can rely on sanctioning the state's public statements to identify the policy goals, supplemented by journalistic and historical assessment (Hufbauer & Jung, 2020: 3).

**METHOD**

This research uses a qualitative, grounded research method based on an inductive way of relation theory and data. It differs from a quantitative approach, which aims to examine theory, but qualitative research should also play a role in testing theory. This method stresses understanding the social world by analyzing or interpreting participants' interpretation of their world through observations, documents, and interviews (Bryman, 2012: 379-384). The qualitative data collection method used in this research is library research, which collects reports, articles, news, videos, and archives. This method is chosen because of the limitation of the researcher conducting observation and interviews in the field. There are two categories of documents: primary, which come from official reports or releases, and secondary documents through scientific articles, news, publications, magazines, web pages, and books. To assess the quality of a document, some questions need to be answered: Authenticity: is evidence genuine or unquestionable? Credibility: is the evidence free from error and distortion? Representativeness: is it typical of its kind, or is it the extent of typical? Meaning: is the evidence clear and understandable?

Three approaches to interpreting data can be used: qualitative content analysis, semiotics, and hermeneutics (Bryman, 2012: 544). This research will use the first one, beginning with searching out underlying themes in the material, classifying and citing the data, triangulating it, arranging it in the timeline, and then verifying it into theory propositions.

Economic sanction is the trade, investment, and financial denial to increase the cost of economic activities, such as expensive imports and shortage of consumer and industrial input, which end up dampening competitiveness, productivity, and economic growth that pressure target states into changing specified policies or modifying behavior in suggested directions. As part of U.S. instrument foreign policy to stop Russia's invasion of Ukraine, Washington uses several techniques such below:

**Trade sanctions**

Trade sanction denies export from (boycott) and to (embargo) the targeted sanction. These instruments work effectively on target vulnerabilities. In the case of the blockade, which started on February 24, 2022, the U.S., with its Global Export Control Coalition (GECC), restricts the export of cutting-edge technology to the Russian military, such as software, semiconductor, telecommunication, encryption security, lasers, sensors, navigation, avionics, and maritime (Bureau of Industry and Security, 2022). As the bottleneck for Russia's military-industrial complex, the investigations found that Russia's weapons system in Ukraine, including the Kalibr cruise missile, the Kh-101 cruise missile, and the Orlan-10 UAV, use the U.S. technology such as electronic integrated circuits (processors and controllers, memories, amplifiers), machine for reception, radio navigational aid apparatus, tantalum capacitors, and electrical parts of machinery which Moscow is not able to produce (FinCEN & BIS Joint Allert, 2023: 7). Because these items contribute to Russia's military capability to invade Ukraine, we can call it a strategic embargo, defined as an effort to block parts of direct and specific military utility to the target state that are military bottlenecks regardless of the economic and military impact.

Regarding the boycott, Russia's primary export (60%) and source of revenue (39,9%) is the oil and gas sector. The U.S. and its coalition restrict the import of this product (Makarov in Coldal, 2023: 33). Since March 8, the U.S. has banned the import of Russian crude oil, petroleum products, natural gas, and coal. The U.S., together with G7 nations, banned luxury goods from Russia and prohibited the import of goods from several signature sectors of Russia's economy- including seafood, vodka, and non-industrial diamonds- representing over $1 billion in imports. It was also followed on March 10 by a U.S. prohibition on Russian aircraft/airlines and vessels entering its airspace and ports (International Trade Administration, 2022). Because Russia's oil embargo created the increasing price, which was contra-productive to its objective, the U.S. presented an oil cap price strategy by only allowing its insurance, shipping, and finance entities to serve Russian oil under $60 per barrel, which reduced Kremlin's tax revenue 40 percent in the first nine months of 2023 (U.S. Department of The Treasury, 2023a).

**Financial sanctions**

U.S. financial sanctions started by severing the connection to the U.S. financial system for Sberbank as Russia's largest financial institution, which holds nearly one-third of the overall Russian banking sector's assets and is heavily connected to the global financial system. By imposing correspondent and payablethrough account sanctions, Sberbank will be restricted from accessing transactions which made in the dollar; complete blocking on VTB Bank, Russia's second-largest financial institution, and three other major Russia financial institutions, Bank Otkritie, Sovcombank OJSC, and Novikombank that freezing their assets touching U.S. financial system, and prohibit U.S. person make the transaction with them; new debt and equity restriction on thirteen of the most critical Russian major state-owned enterprises and entities such as Gazprom, Transneft, Rostelecom, RusHydro, Alrosa, Sovcomflot, and Russian Railways. This sanction makes these enterprises unable to raise money through the U.S. market, freezing Russian elites and their family assets (The White House, 2022a). Another form of the U.S. and its coalition's financial sanction on Russia was cutting $300 billion from the Russian Central Bank's assets, which made the Russian government unable to pay bills—f(U.S Department of State, 2022b).

The most crucial U.S. financial sanctions on Russia is the access restriction on the international payments infrastructures and institutions, potentially disrupting every kind of cross-border economic activity requiring access to a payment system, including tourism, remittances, foreign exchange trading, and international trade financing. This infrastructure is a critical component for governments, companies, and households to pay their international purchase of goods and services or financial assets (Cipriani et al., 2023: 38). The most common communication network for international payment is maintained by the Society for Worldwide Interbank Financial Telecommunication (SWIFT), which was established in 1973 by 239 Banks from 15 countries and headquartered in Belgium with its data centers in the U.S., the Netherlands, and Switzerland (Cipriani et al., 2023: 32&43). German Finance Minister Christian Lindner and France Finance Minister Bruno Le Maire called this policy a financial nuclear weapon because it trades in goods or services and covers tourism, remittances, foreign exchange trading, and international trade financing (The Washington Post, 2022).

Because the critical role of SWIFT is allowing its participants to exchange information through the SWIFT network, the sanction in this context is to prevent the target entities from accessing the network (Cipriani et al., 2023: 46). Even though SWIFT mainly tries not to make decisions to exclude the users or restrict their access to the platform because the headquarters are in Belgium and the U.S. Netherlands, with Switzerland as its data center then, Belgium, the European Union, and the United States force the decision to deny some entities. In February 2012, under U.S. threat, SWIFT discontinued access to Iranian financial institutions, and one month after that, under E.U. pressure, SWIFT also did the same thing to Iranian banks, including its central bank (Cipriani et al., 2023: 47). As an impact of this SWIFT sanction in 2012, it was estimated that Iran lost approximately $60.4 billion or 16.2 of the average annual real GDP billion, and a total of $241.73 billion from 2012-2015 (Majd, 2018: 186-7; Nolke, 2023: 148). In 2018, when the United States withdrew from the 2015 Iran nuclear deal, Washington again mandated SWIFT to re-sanctioning Iranian banks. Even though the E.U. did not withdraw from that treaty, which means Brussels did not force SWIFT to re-sanction Iran, SWIFT decided to comply with Washington's pressure to avoid U.S. sanctions on SWIFT, which could significantly impact the global economy (Cipriani et al., 2023: 47-8).

The Crimea invasion in 2014 occurred because the European Parliament only passed a non-binding resolution urging E.U. members to deny Russia from SWIFT. However, because it was only nonbinding, SWIFT maintained its neutrality, which meant it did not block Moscow from the network (Cipriani et al., 2023: 48). After the Russian 2022 invasion, the European Union, with the U.S., Canada, Japan, and the U.K., mandated SWIFT to remove seven Russian and three Belarusian banks, including their subsidiaries, in March. By June, three more Russian and one Belarusian bank with subsidiaries also enlisted as sanctioned (Cipriani et al., 2023: 48).

### Investment sanctions

On investment: on March 8, 2022, the U.S. issued an executive order prohibiting new investment in Russia's energy sector as its prime mover economy. It was followed by a new executive order on March 11, which prohibits new investment in any sector of the Russian economy. To put more pressure on Russia's economy, on April 6, the U.S. prohibits any investment in Russia by U.S. persons (The White House, 2022b). This investment prohibition was hoped to slow Russia's domestic production and imbalance Russia's current payment.

## DISCUSSION

### The Impact

The impact of economic sanctions is the actual effect of the sanctions on the target economy, which is measured through economic growth, inflation, and government expenditure. For economic development, in 2022, the first year of sanction, Russia's economy grew by -1.2 percent. This decline was driven by a 14 percent contraction in exports and 11 percent in imports (U.S. Department of The Treasury, 2023b). Unfortunately, in 2023, Russia's economic growth rebounded to 3.6 percent. To the IMF forecast in 2024, Russia will possibly grow by about 3.2 percent, faster than its sanctioning states (IMF, 2024), for the U.S. strategic embargo on cutting-edge technology to Russia's military-industrial complex such as software, semiconductors, telecommunication, encryption security, lasers, sensors, navigation, avionics, and maritime, as reported by CSIS that at the first year of the war, Moscow had shortages on high-end foreign military component, while the import substitution strategy unable to cover it. As a consequence, it decreased Russia's advanced weapons production (Snegovaya et al., 2024: 1). Unfortunately, because the nature of war from a blitzkrieg, which needs sophisticated military technology, has turned into attrition, which needs dual-use, even civilian technology, then Russia's demand on this U.S. component can be moved into Beijing supply where nearly all of the top exporters of microelectronics are based in China (Snegovaya et al., 2024: 19).

Unlike growth, U.S. economic sanctions work well in the inflation measure, which escalates to 7.4 percent. It was driven by the depreciation of the rouble roughly 20 percent against the dollar from February 2022 to December 2023, as well as the limitation of supply, which came from import restrictions (U.S. Department of The Treasury, 2023b). Finally, like economic growth, Russia's government expenditure also was not much influenced by the sanctions; it was only oil and gas revenues that decreased from 11,586.2 bn RUB in 2022 to 8,822.3 in 2023, but in the non-oil and gas category, the revenue climbed from 16,238.2 into 20,301.8, even the total Russia government revenue was increase from 15,088.9 in 2022 to 19,454.4 bn RUB in 2023 (The Ministry of Finance of The Russian Federation, 2024). At this point, we can see that the U.S. coalition's economic sanction does not significantly impact Russia's economic and military elements.

### The effectiveness

The effectiveness of economic sanctions is measured by the extent to which the sanctions achieve policy goals. Regarding the goals, at least two objectives want to be completed by the U.S.: First, for the short term, the U.S. intention is to stop Russia's invasion to reduce Russia's strike capability in Ukraine. As U.S.

Defense Secretary Lloyd Austin said in Poland, the goal of the U.S. support for Ukraine is to maintain its sovereignty. This goal was achieved during the first 12 months of the invasion when Russia experienced high losses from the failure to capture Kyiv and Kharkiv even though they could still maintain Sevastopol and Crimea (Snegovaya et al., 2024). Unfortunately, because this is an attrition war, then two years after the invasion, Russia's power is back, and it retakes the villages near Kharkiv. Second, for a long time, the U.S. objective has been to contain Russia, as mentioned in Wolfowitz or Bush's Doctrine 1992 that the U.S. will prevent the re-emergence of a new rival from the former Uni Soviet; it is also reflected in Austin's statement that he wanted to see Russia weakened to the degree that it can't do the kinds of things that it has done invading Ukraine (Hakim, 2023: 102). This objective could not be assessed in the short time because at this moment, as presented before, Russia's economy growth faster than the U.S. and its coalition states, but in the long term, the lost access to international finance, investment, and market (self-isolating), would stunt Russia economic. In the meantime, the high military expenditure, 6 percent of GDP (Snegovaya et al., 2024: 6), could collapse Russia's fiscal situation, as the Soviet Union did.

**Bipolar system limiting the efficacy of sanctions.**

As the purpose of this article is to examine how the bipolar system limits the efficacy of U.S. security coalition economic sanction on Russia, based on neostructural realism theory, some propositions lead us to the argument that Anarchy makes states insecure and forces them to help themselves to be survived by power struggling; On power struggling as the best way to survive, states seeking to be unipolar (the only superpower) or global hegemony by becoming regional hegemon without peer competitor in other regions; Even though a state is already achieved a unipolar or hegemon position, it still aggressively and constantly struggling for power elements because they both are temporary position, which will be lost automatically as soon as lose its power gap through all of the great power. The unipolar state (status quo) prevents other great powers (revisionists) from balancing/exceeding its power elements by offset strategy, preventive war, and containment. The unipolar state contains the revisionist state by establishing the regional balance of power elements, promoting the networked regions, and blocking the enemy's influence instruments. As the status quo contains the revisionist state, the latter will face it by weakening the status quo by provoking a long and costly war with its enemy (bait and bleed) and ensuring that the status quo's war is protracted and deadly (bloodletting).

In this 21st century, precisely in 2018, the international system entered the bipolar world, where China's military and economic element score reached about 50.6 percent to the U.S., while Russia was only at 8.5% (Hakim, 2023: 105) due to propositions that the status quo unipolar contains the revisionist state through establishing the regional balance of power elements, promoting the networked regions, and blocking the enemy's influence instruments than, as we can see, where the U.S. has already been launching an Indo-Pacific strategy to contain China's power elements' rise since 2019 (Hakim, 2021: 47&73). As strategies against U.S. containment, China has been securing nuclear deterrence, racing in military innovation, and even offsetting Washington in hypersonic missiles (Hakim, 2021: 43). Another Chinese strategy against the U.S. was bloodletting due to the U.S. proxy war with Russia, where China will make sure that this war will be long and costly by busting the U.S. coalition economic sanction impact on Russia as described before.

To neutralize the U.S. coalition embargo on Russia's oil and gas, Russia's natural gas supplies to Europe decreased by 55.6 percent in 2023. Beijing increased 50 percent of its imports from Russia through the Siberian power pipeline. Beijing also doubled its liquified petroleum gas import from Russia from 2022 to 2021. China's import of Russia's crude oil also increased by about 25 percent from 1.65 to 2 million barrels per day, overtaking India as the largest buyer of Russia's crude oil (Office of the Director of National Intelligence, 2023: 4). China and India increased their crude oil imports by approximately 70 percent in November 2022, replacing exports to the E.U., which is also almost 70 percent (European Central Bank, 2023). Regarding the U.S. coalition's price cap sanction did not allow their transport of Russia's oil under $60 per barrel, China evaded it by providing insurance cover and 18 super tankers plus 16 Aframax-sized vessels that could transport 15 million tons of crude oil (Office of the Director of National Intelligence, 2023: 14).

Due to the strategic embargo on Russia's military-industrial complex, the global export of semiconductors to Russia and Belarus decreased by about 54 percent in 2022. However, between January and September 2022, China's semiconductor exports to Russia increased by 19 percent (Office of the Director of National Intelligence, 2023: 5). As the most significant busting in the machine industry, China's exports to Russia jumped to 32 percent in 2022 and to 80-90 percent in 2023 (Snegovaya et al., 2024: 21).

Finally, regarding financial sanctions, China facilitates its trade with Russia by using the Yuan and its payment system, the Cross Border Interbank Payment System (CIPS), which was built in 2015 to facilitate the renminbi for international transactions (Cipriani et al., 2023: 41), following Russia's mitigation strategy right after 2014 Crimean annexation Russia where U.S. and E.U. threatened to cut Moscow from SWIFT (Verhagen et al., 2020: 9).

## CONCLUSION

This article arrives from the assumption that economic sanction is a part of foreign policy determined by structural constraint. Then, it is interesting to analyze the efficacy of economic sanctions from this perspective. The conventional wisdom about the effectiveness of economic sanctions under this perspective is the efficacy of sanctions requires leadership by a great power, especially the only superpower. Due to the dynamics of the bipolar system in this 21st century, while the U.S. and China struggle for a unipolar position, we are also shown by the fact that U.S. economic deterrence and economic sanctions on Moscow do not work well to prevent and stop its invasion. As the continuity structural perspective above, this article, which uses neostructural realism theory, intends to develop this conventional wisdom in the bipolar system by asking the question: why does the bipolar system limit the efficacy of the U.S. security coalition economic sanction on Russia to stop the 2022 invasion? As a result, it found that anarchy makes states insecure and forces them to help themselves to survive by power struggling to be unipolar. Because of the uni pole's temporary position, the U.S. aggressively and constantly struggled for power elements by containing China as a revisionist great power. A strategy to counter the U.S. containment policy, China ensured that the U.S. proxy war with Russia was protracted and deadly by busting its economic sanctions by increasing the import of Russia's oil and gas, using China's financial payment system, exporting machine production and semiconductors for Russia military-industrial complex which effectively limiting the efficacy of U.S. security coalition economic sanction.

## BIBLIOGRAPHY

Ahn, D. P., & Ludema, R. (2017). *Measuring Smartness: Understanding the Economic Impact of Targeted*

*Sanctions*. https://www.state.gov/documents/organization/267590.pdf

Ahn, D. P., & Ludema, R. D. (2020). The Sword and the Shield : The Economics of Targeted Sanctions ∗. *European Economic Review*, 103587. https://doi.org/10.1016/j.euroecorev.2020.103587

Armijo, L. E. (2019). Financial Statecraft. In *The Palgrave Handbook of Contemporary International Political Economy* (pp. 667–682). https://doi.org/10.1057/978-1-137-45443-0_41

Baldwin, D. A. (2020). *Economic Statecraft*. Princeton University Press. https://www.ptonline.com/articles/how-to-get-better-mfi-results

BBC.com. (2024). *Russia to Grow Faster Than All Advanced Economies*. https://www.bbc.com/news/business-68823399

Berenskoetter, F. (2007). *Power in world politics*. https://doi.org/10.1016/0260-9827(91)90049-Z

Bryan, R. E. (2009). Sleeping With Your Friends ' Enemies : An Explanation of Sanctions-Busting Trade. *International Studies Quarterly*, *53*, 49–71.

Bryan, R. E. (2011). Unmasking the Black Knights : Sanctions Busters and Their Effects on the Success of Economic Sanctions. *Foreign Policy Analysis*, *7*, 381–402. https://doi.org/10.1111/j.1743-8594.2011.00143.x

Bryman, A. (2012). *Social Research Methods* (fourth). Oxford University Press.

Bureau of Industry and Security. (2022). *COMMERCE IMPLEMENTS SWEEPING RESTRICTIONS ON EXPORTS TO RUSSIA IN RESPONSE TO FURTHER INVASION OF UKRAINE*. https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/2914-2022-02-24-bis-russia-rule-press-release-and-tweets-final/file

Cipriani, M., Goldberg, L. S., & Spada, G. La. (2023). Financial Sanctions, SWIFT, and the Architecture of International Payment System. *Journal of Economic Perspective*, *37*(1), 31–52. https://www.jstor.org/stable/10.2307/27192408

Coldal, L. (2023). *The Role of Third Countries in the Effectiveness of Economic Sanctions*. University of Bergen.

Daniel, W. D. (2011). Sanctions Sometimes Smart : Targeted Sanctions in Theory and Practice. *International Studies Review*, *13*, 96–108. https://doi.org/10.1111/j.1468-2486.2010.01001.x

European Central Bank. (2023). *Oil price developments and Russian oil flows since the EU embargo and G7 price cap*. https://www.ecb.europa.eu/press/economic-bulletin/focus/2023/html/ecb.ebbox202302_02~59c965249a.en.html

Felbermayr, G., Morgan, T. C., Syropoulos, C., & Yotov, Y. V. (2021). Understanding economic sanctions: Interdisciplinary perspectives on theory and evidence. *European Economic Review*, *135*, 103720. https://doi.org/10.1016/j.euroecorev.2021.103720

FinCEN & BIS Joint Allert. (2023). *Supplemental Alert : FinCEN and the U . S . Department of Commerce ' s Bureau of Industry and Security Urge Continued Vigilance for Potential Russian Export Control Evasion Attempts*.

Gaddis, J. L. (2005). Strategies of Containment. In *Journal of Chemical Information and Modeling* (Vol. 53, Issue 9). Oxford University Press. https://doi.org/10.1017/CBO9781107415324.004

Gilpin, R. (1987). *The Political Economy of International Relations*. Princeton University Press.

Hakim, A. (2021). *U.S.-China Rivalry and The Neostructural Realism* (1st ed.). Quantum.

Hakim, A. (2023). Neostructural Realism ' s Explanation on Russia-Ukraine War. *Journal of Election and Leadership*, *4*(2), 96–109.

Hufbauer, G. C., & Jung, E. (2020). What ' s new in economic sanctions ? *European Economic Review*, *130*, 103572. https://doi.org/10.1016/j.euroecorev.2020.103572

Hufbauer, G. C., Schott, J. J., Elliot, K. A., & Oegg, B. (2007). *Economic Sanctions Reconsidered* (Third). Peterson Institute for International Economics.

IMF. (2024). *IMF Country Data*. https://www.imf.org/en/Countries/RUS#countrydata

International Trade Administration. (2022, July 21). *Russia - Sanctions Framework*. https://www.trade.gov/country-commercial-guides/russia-sanctions-framework

Jermano, J. (2018). Economic and Financial Sanctions in U.S. National Security Strategy. *Prism*, *7*(4), 65–73.

Kirshner, J. (2002). Review Essay: Economic Sanctions: The State of the Art. *Security Studies*, *11*(4), 160–179. https://doi.org/10.1080/714005348

Koga, K. (2018). The Concept of "Hedging" Revisited: The Case of Japan's Foreign Policy Strategy in East Asia's Power Shift. *International Studies Review*, *20*, 633–660. https://doi.org/10.1093/isr/vix059

Majd, M. (2018). The Cost of SWIFT Kick: Estimating the cost of financial sanction on Iran. In G. Epstein (Ed.), *The Political Economy of International Finance in an Age of Inequality*. Edward Elgar. https://doi.org/10.4337/9781788972635

Mastanduno, M. (1985). Strategies of Economic Containment: U.S. Trade Relations with the Soviet Union. *World Politics*, *37*(4).

Mastanduno, M. (2021). Hegemony and Fear: The National Security Determinants of Weaponized Interdependence. In *The Uses and Abuses of Weaponized Interdependence*. The Brookings Institution.

Mearsheimer, J. (2001). *The Tragedy of Great Power Politics*. W.W. Norton & Company.

Nolke, A. (2023). Geoeconomic Infrastructure: Building Chinese-Russian Alternative to SWIFT. In B. Braun & K. Koddenbrock (Eds.), *Capital Claims: Power and Global Finance*. Routledge. https://doi.org/10.4324/9781003218487

Office of the Director of National Intelligence. (2023). *Support Provided by the People's Republic of China to Russia*.

Pape, R. A. (1997). Why economic sanctions do not work. *International Security*, *22*(2), 90–110. https://doi.org/10.2307/2539368

Rogers, E. S. (1996). Using economic sanctions to control regional conflicts. *Security Studies*, *5*(4), 43–72. https://doi.org/10.1080/09636419608429288

Snegovaya, M., Bergmann, M., Dolbaia, T., & Fenton, N. (2024). *Back in Stock? The State of Russia's Defense Industry after Two Years of the War*.

Taylor, B. D. (2003). The Soviet Military and the Disintegration of the USSR. *Journal of Cold War Studies*, *5*(1), 17–66.

The Ministry of Finance of The Russian Federation. (2024). *Brief Annual Information on Federal Budget Execution*. https://minfin.gov.ru/en/statistics/fedbud?id_4=119255-brief_annual_information_on_federal_budget_execution_bln._rub.

The Washington Post. (2022, February 26). *Using Swift to block Russian transactions seen as last resort* . https://www.washingtonpost.com/world/2022/02/25/europe-swift-russia-cutoff/

The White House. (2022a, February 24). *FACT SHEET: Joined by Allies and Partners, the United States Imposes Devastating Costs on Russia* . https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/24/fact-sheet-joined-by-allies-and-partners-the-united-states-imposes-devastating-costs-on-russia/

The White House. (2022b, April 6). *Prohibiting New Investment in and Certain Services to the Russian Federation in Response to Continued Russian Federation Aggression* . https://www.whitehouse.gov/briefing-room/presidential-actions/2022/04/06/prohibiting-new-investment-in-and-certain-services-to-the-russian-federation-in-response-to-continued-russian-federation-aggression/

Tostensen, A., & Bull, B. (2002). Are Smart Sanctions Feasible? *World Politics*, *54*(3), 373–403. https://doi.org/10.1353/wp.2002.0010

Tuzova, Y., & Qayum, F. (2016). Global oil glut and sanctions: The impact on Putin's Russia. *Energy Policy*, *90*, 140–151. https://doi.org/10.1016/j.enpol.2015.12.008

U.S. Department of The Treasury. (2023a). *The Price Cap on Russian Oil: A Progress Report*. https://home.treasury.gov/news/featured-stories/the-price-cap-on-russian-oil-a-progress-report

U.S. Department of The Treasury. (2023b). *Sanctions and Russia's War: Limiting Putin's Capabilities*. https://home.treasury.gov/news/featured-stories/sanctions-and-russias-war-limiting-putins-capabilities

U.S Department of State. (2022a). *Secretary Antony J. Blinken at a Press Availability Remark*.

U.S Department of State. (2022b). *The Impact of Sanctions and Export Controls on the Russian Federation*. https://www.state.gov/the-impact-of-sanctions-and-export-controls-on-the-russian-federation/

Verhagen, P., Chavannes, E., & Bekkers, F. (2020). *Flow Security in Information Age*. https://www.jstor.org/stable/resrep12572